

MANAGEMENT MEMO

SUBJECT: MOTOR VEHICLE INSURANCE ACCOUNT 2003/2004 FISCAL YEAR ASSESSMENT	NUMBER:
	DATE ISSUED:
	EXPIRES:
REFERENCES: Government Code Sections 11290(a), 16378, 16379 Supersedes Management Memo 02-11	ISSUING AGENCY: Department of General Services

Motor Vehicle Insurance Assessment

The State Motor Vehicle Insurance Account (SMVIA) is funded through assessments charged to state agencies that own vehicles. Under self-insurance, the participation of a large group of state agencies helps to ease dramatic increases or decreases in assessments (or contributions to the fund). The assessment reflects the projected amount to be expended to pay claim settlements and administrative expenses such as adjusting and defense costs. Last fiscal year, the assessment was reduced by 5% as the SMVIA experienced a favorable loss reporting period. Unfortunately, this is not the case for the current loss reporting period as the SMVIA has experienced higher claim costs and settlements.

There are two categories of owning state agencies: those that own more than 300 vehicles, and those that own less than 300 vehicles. Those departments that own more than 300 vehicles are rated on their own claim experience for the last five calendar years ending December 31, 2002. Those departments owning less than 300 vehicles, and whose experience would not be credible on a stand-alone basis, are grouped together and experience-rated as though they were one entity (listed as *All Others*).

Attachment 1 reflects the 2003/04 fiscal year motor vehicle self-insurance assessments for the 21 large owning departments and the All Other group. The assessments determined for the large owning departments are based solely on loss experience and are not subject to modification once the assessment has been made. The All Other assessment is distributed to departments in this group using the last reported vehicle inventory from the Office of Fleet Administration (October 2002). Therefore, there is a charge made on a *per vehicle* basis for the "All Others" group, unlike the larger owning departments. However, since the rates are based on past claims experience, there are no adjustments due to vehicle fluctuation.

Attachment 1 also includes last year's assessments, as well as vehicle inventories and vehicle rates for those departments that wish to use this information for comparison purposes and/or to distribute its assessments internally.

Minimizing/Reducing Vehicle Losses

The Office of Risk & Insurance Management (ORIM) processes over 6,500 accident reports and adjusts over 2,300 claims each year for the state's motor vehicle fleet. State agencies can help minimize and/or reduce these losses by following state policies and recommended practices on vehicle use and operator requirements:

- Employees who operate vehicles on official business must have a valid driver's license and a good driving record.
- Agencies shall participate in the Department of Motor Vehicles (DMV) "Pull Notice Program" if they have employees who operate vehicles on official business as a condition of employment for Class A, B, or Class C drivers' licenses with special certificates.
- Agencies should request drivers' records from DMV annually.
- Authorized drivers should be permanent state employees.
- Drivers under the age of 18 may not operate state vehicles under any circumstances.
- Employees who operate vehicles on official business shall attend and successfully complete an approved defensive driver training course at least once every four years. ORIM provides a defensive driver training program at no cost to state agencies. Instruction includes classroom, behind-the-wheel, vanpool driver and one-on-one training. Contact (916) 376-5311 for reservations or visit our website at www.orim.dgs.ca.gov.
- Employees operating their private vehicle on official business must complete a STD. 261, *Authorization to Use Privately Owned Vehicles on State Business*. This form certifies liability insurance for the minimum financial responsibility limits as set forth in statute. Additionally, the employee certifies the vehicle is adequate for the work, equipped with operating safety belts and is in safe mechanical condition.
- Report all vehicle accidents within 48 hours to ORIM using the STD. 270, Vehicle Accident Report form. The form is available online at www.orim.dgs.ca.gov.

Vehicle Damage Recovery Services

As a service under the SMVIA, ORIM also provides vehicle damage recovery services to state agencies that are involved in vehicle accidents where the other party is at-fault. ORIM will pursue on behalf of the state agency to recover all costs to repair the state vehicle. During the 2001/02 fiscal year, ORIM returned over \$1.4 million to state agencies and are projecting to return over \$2 million for the 2002/03 fiscal year.

For information on ORIM services, please call the general information number (916) 376-5300 or visit our website at www.orim.dgs.ca.gov. For specific information regarding the vehicle self-insurance assessments, please call Jan Dietz, ORIM, at (916) 376-5315 or email at jan.dietz@dgs.ca.gov.



J. Clark Kelso, Interim Director
Department of General Services

Attachment

ATTACHMENT 1

2003/2004 MOTOR VEHICLE SELF-INSURANCE ASSESSMENT

<i>Department</i>	<i>2002/03 Vehicle Inventory</i>	<i>2002/2003 Vehicle Rate</i>	<i>2002/2003 Premium Requirement</i>	<i>2003/2004 Vehicle Inventory</i>	<i>2003/2004 Vehicle Rate</i>	<i>2003/2004 Premium Requirement</i>
<i>Conservation Corps</i>	530	229	\$121,443	580	\$258	\$149,375
<i>Consumer Affairs</i>	1,202	131	157,175	762	236	180,015
<i>Corrections</i>	5,028	224	1,124,194	5,611	233	1,309,686
<i>DDS</i>	771	126	96,878	886	109	96,878
<i>Distr Ag Association & F&A Boards/Commissions</i>	752	140	105,557	917	120	110,001
<i>EDD</i>	454	163	74,189	420	185	77,656
<i>Fish & Game</i>	3,005	127	382,557	2,754	139	382,557
<i>Food & Agriculture</i>	739	305	225,411	781	355	277,256
<i>Forestry</i>	3,054	140	427,801	3,071	171	526,195
<i>General Services</i>	6,086	213	1,294,357	7,451	208	1,553,228
<i>Highway Patrol</i>	3,930	969	3,808,563	4,373	1,055	4,615,217
<i>Justice</i>	999	218	217,575	1,012	215	217,841
<i>Lottery</i>	239	459	109,725	242	408	98,753
<i>Mental Health</i>	421	129	54,405	498	80*	39,840
<i>Motor Vehicles</i>	434	224	97,080	434	275	119,408
<i>Parks & Recreation</i>	3,753	83	311,255	2,467	144	355,533
<i>Prison Industry Authority</i>	1,075	80*	86,000	1,076	80*	86,080
<i>State University</i>	3,279	110	361,648	3,770	168	632,884
<i>Transportation</i>	11,152	501	5,588,740	11,057	505	5,588,740
<i>Water Resources</i>	1,543	91	139,775	1,137	123	139,775
<i>Youth Authority</i>	593	159	94,000	534	217	115,620
<i>All Others</i>	<u>1,992</u>	<u>378</u>	<u>753,628</u>	<u>2,189</u>	<u>344</u>	<u>753,628</u>
 <i>Total Inventory, Average Rate, and Assessment</i>	 51,031	 \$306	 \$15,631,956	 52,022	 \$335	 \$17,426,166

* Minimum rate per vehicle = \$80